

## THREE DICHOTOMIES OF LUXURY CONSUMPTION IN RUSSIA

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### ABSTRACT

Our study is centered on understanding a paradoxical behavior of BRICS (Brazil-Russia-India-China-South Africa): consumers manifest an escalation of luxury consumption at rates, which are disproportionately higher than increases in their disposable incomes (e.g., Mishra, 2010; Astmon *et al*, 2011). Western behavior models fail to adequately predict or explain this phenomenon in a consistent manner. We believe that, while BRICS' cultures are quite diverse, they share the common dynamic aspect – progressing from collectivism to individualism (Parker *et al*, 2009). Such a transition activates certain behavioral mechanisms leading to self-expression via consumption of luxury goods and services - a pattern shared across the BRICS.

To discover this pattern, the present paper starts with the analysis of luxury consumers using a particular market – Russia. It then develops a three dichotomies approach to build a theoretical framework describing the behavior of luxury consumers, thereby, contributing to the body of cross-cultural consumer research. This framework is then used to develop a typology of luxury consumers basing itself on the principal drivers of the consumer demand, namely, transformative life experience, social mobility and wealth projections. The different needs for status, uniqueness, and attitudes towards luxury of the various categories of luxury consumers are discussed.

Data used in this research comes from government, academic and private sources (e.g. Russian census service RosStat, Russian Institute of Sociology and Euromonitor International), describing demographic and economic characteristics of Russian consumers from as early as 1959 to as recently as 2011. These data are processed and interpreted in conjunction with cultural analysis described in the paper to conceptualize social mobility in the contemporary Russian society and identify consumer groups with similar behavior patterns. The paper analyzes the dichotomies, formulates research propositions, outlines directions for future research and discusses managerial implications for the marketing of luxury goods in Russia, thereby contributing to the body of cross-cultural consumer research.

References available upon request.